

## **FISCAL NOTE**

### **SB 749 - HB 1822**

March 7, 2001

#### **SUMMARY OF BILL:**

- Repeals the current inheritance and estate tax laws and replaces them with a new inheritance tax, which would be equal to the federal state death tax credit. The inheritance tax portion of this bill would take effect January 1, 2002.
- Deletes the distinction between Class A and Class B beneficiaries for gift tax purposes and allows a \$10,000 per donor exclusion for all monetary gifts. The gift tax portion of the bill would be retroactive to January 1, 2001.

#### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - \$1,903,000 FY01-02**  
**Exceeds \$2,000,000 each year thereafter**

Estimate assumes:

- the federal estate tax law remains in place. If so, the decrease in state revenues resulting from the repeal of the inheritance tax is estimated to be approximately \$1,000,000 annually.
  - Note: If the federal estate tax law is repealed, the decrease in state revenues for inheritance tax purposes is estimated to be approximately \$70,000,000.
- a decrease in state revenues of approximately \$903,000 [50% of the Class B Gift tax collections] would occur due to the gift tax provisions of the bill being retroactive to January 1, 2001. For purposes of this estimate, FY99-00 Class B gift tax collections of \$1,806,000 were used.
- a decrease in state revenues that exceeds \$2,000,000 for FY02-03 and each year thereafter.

*For information purposes:*

- *Total Class A gift tax collections for FY 99-00 were \$18,500,000; \$17,000,000 for FY 98-99 and \$13,000,000 for FY 97-98.*
- *Total Class B gift tax collections for FY 99-00 were \$1,806,000; \$3,416,000 for FY 98-99 and \$3,009,000 for FY 97-98.*
- *Total Inheritance Tax Collections for FY 99-00 were \$92,449,185; \$89,126,876 for FY 98-99; and \$113,119,175 for FY 97-98.*

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director